[C.—70

FURTHER CORRESPONDENCE

WITH THE

GOVERNMENT OF CANADA

IN CONNECTION WITH THE

TREATY OF WASHINGTON.

(In continuation of Paper presented May 1872.)

Presented to both Houses of Parliament by Command of Her Majesty,
March 1873.

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Further Correspondence with the Government of Canada in connection with the Treaty of Washington.

No. 1.

Lord Lisgar to the Earl of Kimberley.—(Received May 24.)

My Lord, *Government House, Ottawa, May* 9, 1872.

I HAVE the honour to forward herewith copy of a Bill "To carry into effect the Provisions of the Treaty between the United States and Great Britain signed in the city of Washington the 8th May, 1871."

2. Sir John Macdonald introduced the Bill in the Canadian House of Commons on the 3rd instant, and I beg to inclose a corrected copy of his speech* on the occasion.

I have, &c.
(Signed) LISGAR.

Inclosure in No. 1.

[No. 86, 1872.]

An Act relating to the Treaty of Washington, 1871.

Preamble.

WHEREAS by Article thirty-three of the Treaty between Her Majesty and the United States of America, signed at the city of Washington on the 8th day of May, 1871, it is provided that Articles eighteen to twenty-five inclusive, relating to the fisheries, shall take effect as soon as the laws required to carry them into operation shall have been passed by the Imperial Parliament of Great Britain, by the Parliament of Canada, and by the Legislature of Prince Edward Island, on the one hand, and by the Congress of the United States on the other, and that such assent having been given, the said Articles shall remain in force for the term of years mentioned in the said Article thirty-three; and whereas it is expedient that the laws required to carry the said Treaty into effect as respects Canada should be passed by the Parliament of the Dominion: Therefore Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

Certain Acts suspended as regards United States' vessels and citizens engaged in taking fish (except shellfish) on coasts of Quebec, Nova Scotia, and New Brunswick.

1. The Act of the Parliament of Canada passed in the thirty-first year of Her Majesty's reign, chapter 61, intituled "An Act respecting Fishing by Foreign Vessels," and the Act of the said Parliament passed in the thirty-third year of Her Majesty's reign, chapter 15, intituled "An Act to amend the Act respecting Fishing by Foreign Vessels,"—and the Act of the said Parliament passed in the thirty-fourth year of Her Majesty's reign, chapter 23, intituled "An Act further to amend the Act respecting Fishing by Foreign Vessels,"—and the 94th chapter of the Revised Statutes of Nova Scotia (third series) intituled "Of Coast and Deep Sea Fisheries,"—and the Act of the Legislature of Nova Scotia, passed in the twenty-ninth year of Her Majesty's reign, chapter 35, amending the same; and the Act of the Legislature of New Brunswick passed in the sixteenth year of Her Majesty's reign, chapter 69, intituled "An Act relating to the Coast Fisheries, and for the Preventing of Illicit Trade," so far as the said Acts of the Legislatures of Nova Scotia and New Brunswick, respectively, apply to any case to which the said Acts of the Parliament of Canada apply, shall be, and are hereby suspended as respects vessels and

* Not printed.

inhabitants of the United States of America engaged in taking fish of every or any kind except shell-fish, on the sea-coasts and shores, and in the bays, harbours, and creeks of the Provinces of Quebec, Nova Scotia, and New Brunswick, as shall also all Acts, laws, or regulations (if any) over which the Parliament of Canada has control, which would in any wise prevent or impede the full effect of the said Article 18.

Fish and fish oil from United States' fisheries to be free.

2. Fish oil and fish of all kinds (except fish of the inland lakes and of the rivers falling into them, and except fish preserved in oil) being the produce of the fisheries of the United States, shall be admitted into Canada free of duty.

Transit of goods through Canada in bond.

3. Goods, wares, and merchandize arriving at any of the ports of Canada, and destined for the United States of America, may be entered at the proper Custom-house, and conveyed in transit, without the payment of duties, through Canada, under such rules, regulations, and conditions for the protection of the revenue, as the Governor in Council may from time to time prescribe; and under like rules, regulations, and conditions, goods, wares, and merchandize, may be conveyed in transit without payment of duties, from the United States through Canada, to other places in the United States or for export from ports in Canada.

Carriage of goods in United States' vessels from one part of Canada to another, conditionally.

4. Citizens of the United States may carry in United States' vessels, without payment of duty, goods, wares, and merchandize from one port or place in Canada to another port or place in Canada, provided that a portion of such transportation is made through the territory of the United States by land carriage, and in bond, under such rules and regulations as may be agreed upon between the Government of Her Majesty and the Government of the United States.

Act, when to come into force.

5. The foregoing sections of this Act shall come into force upon, from, and after a day to be appointed for that purpose by a proclamation based upon an order of the Governor in Council, and shall remain in force during the term of years mentioned in Article thirty-three of the said Treaty.

No. 2.

Lord Lisgar to the Earl of Kimberley.—(Received June 6.)

My Lord, *Government House, Ottawa, May* 20, 1872.

I HAVE the honour to inform your Lordship that the second reading of the Bill "To carry into effect the Provisions of the Treaty between the United States and Great Britain, signed in the City of Washington on the 8th May, 1871," was carried in the Dominion House of Commons, on the 16th instant, after a division, by a majority of 66, the numbers being 121 yeas to 55 nays.

2. The debate was long and earnest, extending over several consecutive nights. The line generally taken by the supporters of the Bill was, that though the Treaty did not realise their expectations, and entailed a considerable sacrifice of Canadian interests, still it was wise to accept it as a means of establishing friendly relations with the United States, and especially because Imperial interests of great magnitude were involved, and because it would be ungracious and undutiful in a matter of such importance to oppose the wishes of the mother country.

The Opposition, on the other hand, contended that better terms might and ought to have been obtained; that though willing to make any reasonable sacrifice in the interests of the Empire, they anticipated no evil result from a firm maintenance of the undoubted rights of Canada, and they took special objection to the course which the Dominion Government had taken with regard to the Imperial guarantee of the loan in compensation for the abandonment of the claims in respect of the Fenian Raids.

3. Mr. Blake, one of the leaders of the Opposition, and Premier of the Local Government in the Province of Ontario, moved the following amendment:—"To leave out all the words after 'that,' and insert the following:—Before proceeding further upon the said Bill, this House feels bound to declare, that while Her Majesty's loyal subjects the people of Canada will at all times cheerfully make any reasonable sacrifice in the interests of the Empire, we have just ground for the great dissatisfaction prevailing throughout the country at the mode in which our rights

have been dealt with in the negotiations resulting in the Treaty of Washington, and at the subsequent proposal of our Government that England should endorse a Canadian Loan as a price for our adoption of the Treaty and for our abandonment of the claims in respect of the Fenian Raids, which affect not merely our purse, but also our honour and our peace."

Subsequently at a time when the latest telegrams in the public press from London and Washington gave little hopes of a successful issue of the difficulties which have arisen as to the claims for consequential damages, Mr. Bodwell, a member of the opposition which Messrs. Blake and MacKenzie lead, moved in amendment on Mr. Blake's amendment that "having regard to the existing difficulties between the United States and Great Britain concerning the proceedings necessary to give effect to the Treaty of Washington, it is inexpedient to proceed further at this time upon the said Bill."

The Government opposed both amendments, defeating Mr. Bodwell by a majority of 75, and Mr. Blake by a majority of 72.

Immediately afterwards the division on the second reading of the Bill took place, which, as I have already said, was carried by a majority of 121 to 55.

4. I append an analysis of these divisions showing the numbers on either side in each of the six Provinces of the Dominion :—

On Mr. Bodwell's Amendment.

	Yeas.	Nays.	Government Majority.
Ontario	32	45	13
Quebec	13	48	35
Nova Scotia	2	13	11
New Brunswick	3	10	7
Manitoba	..	3	3
British Columbia	..	6	6
	50	125	75

On Mr. Blake's Amendment.

	Yeas.	Nays.	Government Majority.
Ontario	31	47	16
Quebec	15	47	32
Nova Scotia	3	12	9
New Brunswick	3	10	7
Manitoba	..	3	3
British Columbia	..	6	6
	52	125	73

Sir John Macdonald's Motion.

	Yeas.	Nays.	Government Majority.
Ontario	44	34	10
Quebec	45	16	29
Nova Scotia	13	2	11
New Brunswick	10	3	7
Manitoba	3	..	3
British Columbia	6	..	6
	121	55	66

Your Lordship will observe that the Government had a majority in every Province, and that on the division for the second reading of the Bill the three Provinces which are most directly interested in the fisheries, Quebec, New Brunswick, and Nova Scotia, taken together, gave 68 votes for the Bill to 21 against it. The Provinces of British Columbia and Manitoba voted *en bloc* for the Bill. On the other hand in the important Province of Ontario which is far removed from the ocean, the Government majority was only 10, the numbers being 44 to 34.

5. In conclusion I may add that the Ministers have informed me that they do not anticipate any further opposition to the Bill, but that it will soon pass through the remaining stages.

I have, &c,
(Signed) LISGAR.

No. 3.

The Earl of Kimberley to Lord Lisgar.

My Lord, *Downing Street, June* 13, 1872.

I HAVE the honour to acknowledge the receipt of your Lordship's despatch of the 20th of May,* respecting the second reading in the Canadian House of Commons of the Bill "to carry into effect the provisions of the Treaty between the United States and Great Britain, signed in the City of Washington on the 8th of May, 1871."

Her Majesty's Government have learned with much satisfaction the particulars given in your despatch of the manner in which this Bill was received and dealt with in the House of Commons of the Dominion.

I have, &c.
(Signed) KIMBERLEY.

No. 4.

Lord Lisgar to the Earl of Kimberley.—(Received June 12.)

My Lord, *Government House, Ottawa, May* 30, 1872.

I HAVE the honour to inform your Lordship that the Bill "to carry into effect the provisions of the Treaty between the United States and Great Britain, signed in the City of Washington on the 8th May, 1871," has passed through all its stages in the Senate of the Dominion, and now awaits the Royal Assent.

2. The report of the debate in the Senate has not yet been published in the local papers, but I am informed that it was marked by great moderation of tone, and that no amendment was moved or division called for at any stage of the proceedings.

3. I am sure that your Lordship will receive with satisfaction the announcement of the final close, by parliamentary action, of the anxieties which have prevailed during the last twelve months, and of the happy settlement of a question on which so many important interests, both Imperial and Canadian, were dependent.

I hope to give the Royal Assent to the Bill before I leave Canada, and I will add that I am well-pleased to think that this should be my last public act in Her Majesty's Colonial Service.

I have, &c.
(Signed) LISGAR.

No. 5.

The Earl of Kimberley to Lord Lisgar.

My Lord, *Downing Street, June* 20, 1872.

I HAVE to acknowledge the receipt of your despatch of the 30th of May, reporting the passing by the Dominion Legislature of the Bill "to carry into effect the provisions of the Treaty between Great Britain and the United States signed in the city of Washington on the 8th of May, 1871."

Her Majesty's Government desire to express their high sense of the prompt and able manner in which this measure has been brought forward by the Canadian Government, and they have observed with great satisfaction the marked cordiality towards this country, and attachment to the Crown which have been manifested in the discussions which have taken place in the Legislature on this subject.

I have at the same time to convey to your Lordship Her Majesty's entire approval of the ability and judgment with which you have thus brought to a close your successful administration of the important Government which has been intrusted to you.

I have, &c.
(Signed) KIMBERLEY.

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* No. 2.

No 6.

The Earl of Dufferin to the Earl of Kimberley.—(Received October 2.)

My Lord, *Citadel, Quebec, September 20, 1872.*

WITH reference to previous correspondence which has taken place before my arrival in this country on the subject of an Imperial guarantee for a Canadian loan for the construction of a railway to the Pacific Ocean, and the enlargement of the Canals of the Dominion, I have the honour to inclose a minute of the Privy Council which states that the time has arrived when it is expedient to invite the consideration of Her Majesty's Government to this question, and as Sir George E. Cartier is thoroughly conversant with the whole subject and is about to proceed to England for his health, that it is desirable he should be specially charged with submitting to your Lordship the views of the Canadian Government in the matter.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 6.

Report of a Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General on the 17th September, 1872.

THE Committee have had under consideration a memorandum dated 14th September, 1872, from the Honourable the Minister of Finance, reporting that, in his opinion, the time has arrived when it is expedient to invite the consideration of Her Majesty's Government to the correspondence which took place in connection with the Treaty of Washington on the subject of an Imperial Guarantee for a Canadian Loan for the construction of a railroad to the Pacific Ocean, and the enlargement of the Canadian canals.

The Minister submits that it is important that the Canadian Government should know as early as possible what they have to expect, and as the Minister of Militia and Defence—who is thoroughly acquainted with the past negotiations on the subject of fortifications—has been advised to proceed to England on account of his health, it seems desirable that he should be specially charged with bringing the whole subject under the consideration of Her Majesty's Government. The Minister of Finance recapitulates the facts of the case as follows:—

On reference to the Minute of the Privy Council of Canada of 20th January, 1872, it will, he states, be found that a proposal was made that a guarantee to the extent of 4,000,000*l.* should be extended to Canada.

That in the Earl of Kimberley's despatch dated 18th March, 1872, in reply, his Lordship offered a guarantee of 2,500,000*l.* which was accepted by the Government of Canada, as will appear by reference to the Minute of Council of 15th April, 1872, transmitted in Lord Lisgar's despatch of same date.

That no reference was made in the foregoing Minutes to the subsisting guarantee of 1,100,000*l.* sterling, for fortifications in Canada, and the pledge on the part of Her Majesty's Government to be at the cost of the armaments.

That, in asking for a guarantee of 4,000,000*l.* originally, it was anticipated that the Imperial Government would object to give so large an amount, and it was contemplated that the result of the negotiations would be the transference from military objects to public works of the amount already guaranteed, with a fair equivalent for the armaments.

That, unfortunately, at the very time when the correspondence was in the course of taking place, the misunderstanding between Her Majesty's Government and that of the United States on the subject of the indirect claims occurred, and it became undesirable to raise any question regarding the abandonment of the fortifications.

That, as all these difficulties have now been happily settled, it seems most desirable to consider the expediency of abandoning, for the present, the erection of fortifications.

That, if such defensive works should hereafter be required, Canada would not shrink from the responsibility of undertaking them.

That the Imperial Parliament would hardly object to the mere transference of a loan already agreed to from military works to great public improvements, and the difference between that loan, 1,100,000*l.*, and the 1,500,000*l.* now asked to supple-

ment the 2,500,000*l.* already agreed to, being only a guarantee and not a grant, is certainly not more than an equivalent for the promised grant for armament.

That it would probably be considered both by the Imperial and by the Dominion Parliaments highly inexpedient at the present time, when cordial relations have been established with the United States, to commence military works in Canada.

He, therefore, recommends that the Minister of Militia and Defence be instructed to bring this important subject under the consideration of Her Majesty's Government, and to endeavour to obtain their consent to an increase of the Guarantee to 4,000,000*l.* on condition that the present loan of 1,100,000*l.* be abandoned, and also the undertaking to supply armaments.

The Committee concur in the foregoing Report, and advise that a copy of the present Minute be transmitted by your Excellency to the Earl of Kimberley for the consideration of Her Majesty's Government.

Certified,
(Signed) W. A. HIMSWORTH,
Clerk, Privy Council, Canada.

Approved,
(Signed) DUFFERIN.
October 10, 1872.

No. 7.

The Earl of Kimberley to the Earl of Dufferin.

My Lord, *Downing Street, December* 5, 1872.

I HAVE the honour to acknowledge your Lordship's despatch of the 20th of September,* inclosing a minute of the Canadian Privy Council, proposing that the guarantee of 2,500,000*l.* which Her Majesty's Government have agreed to recommend to Parliament on the conditions stated in my despatch of the 18th of March last,† should be increased to 4,000,000*l.* on condition that the present guaranteed loan of 1,100,000*l.* for fortifications be abandoned, and also the promise on the part of Her Majesty's Government to supply armaments.

I have had the advantage of conferring with Sir George Cartier, the Minister of Militia and Defence, on this subject, and I have now to state the course which Her Majesty's Government are prepared to adopt.

Her Majesty's Government observe with satisfaction that the Privy Council declare that if such defensive works should hereafter be required, Canada would not shrink from the responsibility of undertaking them. The questions therefore which have now to be considered are, first whether Canada being desirous of postponing her share of the works which it was agreed in 1865 should be constructed, partly by the Imperial Government at Imperial expense but principally by the Dominion Government by means of a loan under Imperial guarantee, Her Majesty's Government are called upon to object to such postponement; and secondly whether they can properly recommend to Parliament the transfer of the guarantee of 1,100,000*l.* for fortifications to a loan for the construction of the Pacific Railroad and the improvement of the Canadian Canals. A further question remains whether this guarantee should be increased by 400,000*l.* as an equivalent for the promised supply of armaments.

Her Majesty's Government have performed their part of the works planned in 1865 by the improvement of the fortifications of Quebec, and they are not disposed to question the propriety of the Canadian Government choosing the time when they may think fit to commence the important military works which Canada undertook as her share of the projected system of defence. They fully recognize the necessity of providing safe and rapid means of communication through British territory between the older Provinces of the Dominion, and the vast region which has been brought under the control of the Canadian Government by the incorporation with the Dominion of British Columbia and the country formerly governed by the Hudson's Bay Company, and also the urgency in the interests of commerce of improving the Canadian Canals; and although they hold it a salutary rule, not to be lightly departed from, that this country should not incur contingent liabilities for expenditure which naturally falls upon that part of the Empire which is to reap the direct benefit of the outlay, they are willing, looking to the peculiar position of the

* No. 6. † Vide Command Paper, April, 1872, page 14.

Dominion, and the heavy responsibilities recently thrown upon it, greater probably than were ever before undertaken by a Colonial Government, to make an exception in this case. They will therefore be prepared, when the time arrives for the proposal of the guarantee of the loan of 2,500,000*l.*, to insert in the Bill a clause transferring the guarantee of 1,100,000*l.* for fortifications to a loan for the same purposes as those for which the loan of 2,500,000*l.* is to be applied.

With respect to the pledge to provide armaments there appear to Her Majesty's Government to be serious objections to the substitution for this pledge of a new guarantee for a loan of 400,000*l.*

It is difficult to perceive any common measure between a Parliamentary guarantee for a certain sum and the obligation to provide the cost of armaments, an obligation not to arise until the works shall have been actually completed; and whilst Parliament might be willing to consent to a simple transfer of a guarantee in no way increasing the liabilities of this country, it might reasonably demur to undertaking a new guarantee in return for the abandonment of an engagement of an entirely different kind. They have, therefore, after careful consideration, thought it better not to go beyond the total sum of 3,600,000*l.*, to which the guarantee already given and that which they have agreed to propose together amount.

I have only to add that it must be distinctly understood that Her Majesty's Government take upon themselves no responsibility for the success of the Pacific Railroad, nor of any other works which the Canadian Government may construct with the proceeds of the loans in question.

I have, &c.
(Signed) KIMBERLEY.

No. 8.

The Earl of Dufferin to the Earl of Kimberley.—(Received March 4.)

My Lord, *Government House, Ottawa, February* 17, 1873.

I HAVE the honour to inclose, for submission to your Lordship, copy of an approved Minute of the Privy Council in reference to your Lordship's despatch of the 5th December last, in which my Government express their satisfaction with the arrangements which have been sanctioned by Her Majesty's Government in respect of the increase of the guarantee of 2,500,000*l.* sterling, to 3,600,000*l.*, on condition that the present guaranteed loan of 1,100,000*l.* for fortifications be abandoned.

I have, &c.
(Signed) DUFFERIN.

Inclosure in No. 8.

Report of the Committee of the Honourable the Privy Council, approved by his Excellency the Governor-General on the 17th February, 1873.

THE Committee of Council have had under consideration the despatch from the Right Honourable Her Majesty's Secretary of State for the Colonies of the 5th of December last, in answer to your Excellency's despatch transmitting the Minute in Council which proposed that the guarantee of 2,500,000*l.* sterling, which Her Majesty's Government had agreed to recommend to Parliament on the conditions stated in Lord Kimberley's despatch to the Governor-General of the 18th March last, should be increased to 4,000,000*l.* sterling, provided that the present guaranteed loan of 1,100,000*l.* for fortifications be abandoned, as well as the promise on the part of Her Majesty's Government to supply armaments therefor.

The Committee of Council desire to express their satisfaction with the decision of Her Majesty's Government in assenting to the transfer of the guarantee of the loan for fortifications to the objects to which the loan of 2,500,000*l.* is to be appropriated.

It would have afforded additional financial relief to the Government of the Dominion, though possibly of a temporary character, had Her Majesty's Government felt themselves justified in assenting to the transfer of the armament engagement to

the same objects, and thus increasing the Imperial guarantee as proposed in the Minute in Council of the 17th of September, 1872, to 4,000,000*l.* sterling.

The Committee of Council, however, recognize the objections that might possibly be taken in Parliament to the substitution of a guarantee of 4,000,000*l.* sterling for the pledge to supply armaments for fortifications, and not wishing to embarrass Her Majesty's Government with any difficulty of that nature, they respectfully advise that the change of the engagement referred to be not further urged, but that the proposal of Her Majesty's Government to insert in the proposed Bill a clause transferring the guarantee of 1,100,000*l.* sterling, for fortifications to a loan for the same purposes as those to which the loan of 2,500,000*l.* is to be applied, be accepted, with the understanding expressed in Lord Kimberley's despatch that Her Majesty's Government take upon themselves no responsibility for the success of the Pacific Railway nor of any other works which the Government of the Dominion may construct with the proceeds of the loan in question.

(Certified.)

(Signed) W. A. HIMSWORTH,

Clerk of the Privy Council, Canada.

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FURTHER CORRESPONDENCE with the Government of Canada in connection with the Appointment of the Joint High Commission and the Treaty of Washington.

(In continuation of Paper presented May 1872.)

Presented to both Houses of Parliament by Command of Her Majesty. March 1873.

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